

## THE EFFECTS OF GAMBLING IN BLACK HAWK AND CENTRAL CITY, COLORADO

Dr. Jerry and Cora Jean Leenheer\*

### A Brief History of Casino Gambling in Black Hawk and Central City

In 1989 and 1990 community members and civic leaders in Central City, Colorado, proposed introduction of limited stakes gambling in their community. They drafted a ballot proposal to amend the state constitution to allow it, expanding their proposal to include Black Hawk, an adjacent community, and Cripple Creek, west of Colorado Springs. (Both were also small historic mining towns facing difficult economic times.) It was argued that this would bring in jobs, stimulate the local economies and make it possible for local businesses to survive, and provide for historic preservation. Despite opponents' concerns, supporters argued that:

- 1) the limited stakes (slot machines and \$5/bet in blackjack and poker) nature of the gambling would deter large scale, big money interests from becoming involved
- 2) a limited scale would be preserved by the requirement that only 35% of the space could be used for gaming, with no more than 50% of any one floor being used for those purposes
- 3) the historic nature of the towns would be preserved because 28% of the revenues would be set aside for historic preservation, 20% of that staying in these three towns and the rest being shared statewide
- 4) small businesses would continue to operate and would benefit from an increase in visitors to the towns and perhaps incorporating a few slot machines in their shop<sup>1</sup>
- 5) the construction and operation of this new industry would bring in many new jobs.

Following approval in a statewide vote, gambling began in the three communities in October 1991. While the decade+ which has followed has definitely brought large amounts of money and change into these communities, there have also been many negative impacts. We would like to outline some for you below:

### Negative Impacts

- Initially old buildings were restored into casinos and existing businesses incorporated gambling into their operations. However, casinos have grown progressively larger, leading to bankruptcies and closures of smaller casinos. Only one of the initial casinos in 1991 was still operating ten years later.<sup>2</sup> One casino manager told us that each new large casino, in his estimate, put 2-3 of the smaller ones out of business.
- There has been a migration of casinos from the original business districts to the city limits. While initial development concentrated in restoration and reclamation of existing buildings in the historic district, new casinos are being built as close to the entering edge of town as possible to attract visitors first. Many smaller casinos in the original business districts or "upper end" of the towns have closed, leaving empty buildings behind.
- In the casino district, property values have increased so much that nearly all other businesses have been crowded out. The bank, grocery store, laundromat, gas station, lumberyard, free-standing restaurants, car wash, and other businesses are all gone from Black Hawk. Virtually no entities other than casinos, town government, one tea shop, a bed and breakfast, and a church remain in the commercial district. In Central City only a handful of businesses remain; that town also has less than 1/2 dozen casinos still operating. A hope for diversified businesses has proven elusive.
- High property values in the business districts have pushed rents so high that non-gambling businesses find it difficult to make a profit. Potential customers are kept away by traffic and scant parking. Restaurants must compete against heavily discounted meals offered in casinos to lure customers.

- The historic character especially of Black Hawk is in danger. In 1997 the National Park Service placed Central City, Black Hawk, and Cripple Creek on their list of the most at-risk National Historic landmarks in the United States.<sup>3</sup> While the constitutional amendment reads "Limited gaming shall only be conducted in structures which conform, as determined by the respective governing bodies, to the architectural styles and designs which were common to the areas prior to World War I," the *respective governing bodies*, especially Black Hawk, have allowed buildings of a "size and mass...that bear no similarity to buildings that would have been there historically."<sup>4</sup> (As an example, the *Weekly Register-Call* describes the recently built Black Hawk Casino by Hyatt as boasting a 55,000 square foot facility with over 1400 parking spaces, 1322 slot and video stations, 12 blackjack tables, 6 live poker tables, a buffet with seven individual cuisines and 3 separate restaurants.<sup>5</sup>)
- While the Colorado Gaming Commission limited gaming space to 35% of the floor space and no more than 50% of any one floor of a business, casino owners have been very creative in circumventing those rules. Some have measured "from the outside of the building... (and) excluded interior wall space, ...excluded money counting rooms, vaults, and change booths from their calculations, and even counted the aisle space between the slot machines as non-gaming areas in order to meet the regulations."<sup>6</sup>
- Traffic on Hwy. 119, the two lane mountain highway leading into Black Hawk/Central City, increased by 412% in the first ten years of gambling.<sup>7</sup>
- Law enforcement and justice system activity has skyrocketed, though not necessarily murders and other such violent crime. The increased crime has included child abuse and domestic violence, though, and other cases such as drunk driving, public nuisance, check fraud, underage gaming, etc. DUIs jumped from 104 in 1990 to 596 in 1997 for Gilpin County, Central City, and Black Hawk.<sup>8</sup> The Gilpin County court clerk staff increased from 1 full time and 1 part time to a clerk and four deputies, to handle an increase of over 330% in filings (718 cases in 1990 vs. 2387 cases in 1999).<sup>9</sup>
- Many investors and prospective casino operators have come and gone in the 12 years since gambling began in Black Hawk and Central City; 93 of the 134 casinos which opened in the first ten years closed within that first decade.<sup>10</sup> Many construction projects were begun and then simply abandoned when the project ran out of money. Mountainsides have been excavated and now stand as a scar with puddles at their base, rocks fall from excavated banks into empty parking lots, and foundations stand empty and grey. While some original property owners have done well financially, some who sold their properties have ended up getting them back when developers went bankrupt, or they have been left with little to show from their share in the vanishing project.
- While property values have in general increased, residential property owners have sometimes found it hard to sell their homes because of negative impacts like increased traffic and drunken driving, an uncertain financial future in Central City, concerns over the general community climate, etc.
- Public sector investments have sometimes foundered when expected casino revenues disappeared. Central City, having invested in infrastructure needs such as a new reservoir, parking, expanded police department, and street and sewer improvements, is experiencing a serious shortage in expected revenues from now-defunct casinos. It is facing a potential shortfall of \$960,000 in 2003<sup>11</sup> and is reduced to asking its police officers to clean its latrines! The school district, which recently expanded its building and faces nearly tripled expenses due to that maintenance alone, could lose expected funding of \$520,000 as a result of the bankruptcy filing of Windsor Woodmont, parent company of Colorado's largest and newest casino.<sup>12</sup> A hard question which must be asked is how investments made in the time of "boom" will be maintained if all does not go as planned and the community once again faces a "bust."
- Many jobs have been created, but they are not as stable as proponents had hoped. In 1999, 83% of casino employees changed jobs, compared with a 31% turnover rate in metro Denver.<sup>13</sup>

- In many ways, the communities of Central City and Black Hawk have been overwhelmed by the influx of gambling interests. The only church in Black Hawk has seen its attendance decrease by half, and only five of the parishioners there in 1990 remain. Few community members who opposed gambling in 1990 remain in the community. There has been a great deal of contention in all three communities as they have grappled with the problems of incorporating this industry into their towns; several recall elections have been held since 1990, with all three communities experiencing these.

## Recommendations

- 1) We urge you to broaden the discussion beyond money and jobs. Talk about values and civic responsibilities such as neighborhood/community, relationships/family, happiness, contentment, wise stewardship, concern for the vulnerable, the significance of productive labor, and so on.
- 2) According to Barrett Singer, the original proposal did not include the gambling/casino component until potential investors requested that be added. Ask that the development go back to the concept of entertainment/recreation/conference center without the casinos, so that it can truly be a "Branson-type" family vacation destination.
- 3) If the development does proceed, do everything you can to ensure that the *whole* development will occur so that you will actually get the golf courses, the entertainment halls, the athletic training facilities, the infrastructure improvements—and not be stuck with only the casinos actually operating. This could be done by the posting of bonds to ensure completion, ongoing commitment of funding, or other mechanisms. Do not depend on dreams and proposals.
- 4) Encourage current property owners to ask for cash out deals to avoid the evaporation of proposals and promises which has occurred in our community.

## Footnotes

1. Dick Foster, "Glitz vs. History," *Denver Rocky Mountain News*, November 12, 2000, p.44A. This article quotes supporters on February 4, 1990: "The towns emphasize that their plans don't include casinos—just slot machines, blackjack and poker tucked into corners of existing businesses, with bets limited to \$5."
2. Jason Blevins, "Gaming by the Numbers," *The Denver Post*, September 30, 2001, p.1B.
3. Greg Moates, "Central Raises Eyebrows," *Weekly Register-Call*, February 11, 2000, p.1.
4. Mark Wolfe, Colorado's deputy state historic preservation officer, quoted by Dick Foster, "Reality Eclipses Building Codes," *Denver Rocky Mountain News*, November 12, 2000, p.45A.
5. Bob Craig, "Hyatt Hopes Restructuring Debt Will Help Cash Flow," *Weekly Register-Call*, August 23, 2002.
6. "Wagering on Colorado Gambling Proves to be Risky Business," *Denver Christian News*, April 1992, p.1.
7. Jason Blevins, "Gaming Facts," *The Denver Post*, September 30, 2001, p.2B.
8. Jason Blevins, "DUI in Gaming Areas," *The Denver Post*, September 30, 2001, p.2B.
9. Joe Garner, "Influx of people and money spawns crime," *Denver Rocky Mountain News*, November 12, 2000, p. 47A.
10. Jason Blevins, "Gaming by the Numbers," *The Denver Post*, September 30, 2001, p.1B.
11. Aaron Storms, "Central City. You're Broke!" *Weekly Register-Call*, February 7, 2003, p.1.
12. Craig Roberts, "School Will Lose \$520,000 in Tax Revenue," *Weekly Register-Call*, January 24, 2003, p.4.
13. Joe Garner, "Poker Table for a Neighbor," *Denver Rocky Mountain News*, November 12, 2000, p.46A.

*\*The Leenheers have lived in the area for 21 years. They been members of Rocky Mountain Evangelical Free Church in Black Hawk for 17 and have served it for several years as officers. Jerry for several terms as church chairman. They are founding members of the Peak to Peak Chorale, a community choir, for which Cora Jean has written several plays on the history of the Central City-Black Hawk area. Dr. Leenheer is a scientist; Mrs. Leenheer is a management analyst and has served as a volunteer at both local and national levels in charitable and community organizations.*

# Casino project panned

Area residents  
joining forces  
against Butte's  
gambling plan

BY BARBARA LABOE  
of The Montana Standard

While it seems a majority of Butte residents have wholeheartedly thrown support behind the Destination: Montana proposal, a group of concerned residents has organized to question the plans.

## Meeting Tuesday

Citizens Against Destination: Montana is primarily concerned about the wide-open

aspect of the proposed \$1.8 billion project, but they also think the proposal is moving way too fast and needs to be critically examined.

"This, especially gambling, is going to change the city dramatically," Terri Howe said Friday while discussing group's public meeting on Tuesday at 7 p.m. in the East Middle School auditorium. "And this is moving so fast I don't feel the public has had a chance to look at all the sides, whether they're for it or not."

"Once this is forced through, there's nothing we can do," added Alice Roberts, who also would like to see the project slowed down and more thoroughly discussed. "I'd like to see Butte prosper, too, but with stable things that will last."

Howe and her husband moved to town last year, while Roberts and her family have called Butte home for 25 years. Both are enamored with the small-town friendly atmosphere of the town and said they don't want to see it change to higher crime or congestion with Destination: Montana.

Destination: Montana backers propose a \$1.8 billion project in Butte with 10 casinos, 40 musical theaters similar to those in Branson, Mo., three professional golf courses, six high-altitude sports training centers for professional sports teams and 10,000 motel and hotel rooms.

A key component of the project is state Legislature approval of expanded gambling within the entertainment zone, going far beyond what is allowed in Montana. Only sports betting would be barred.

It's been touted as the answer to the town's faltering economy as well as a way to help make up state deficits, but Howe and Roberts don't think gambling is the answer to Butte's or Montana's problems.

Not only are they morally opposed to gambling, they fear a casino district will end up running local businesses out of town, making Butte once again a one-company town.

"How will our local restaurants compete against \$3 steak dinners in the casinos?" Howe asked, adding that discussions she's had with Black Hawk, Colo., residents found that most of the "local" businesses closed shop within a year or two of the casinos' arrival.

Howe also is leery of the promised safeguards in the project, saying all of those "guarantees" can be changed once gambling gains a foothold in the town. Building restrictions in Black Hawk were eased, and Howe fears the same will happen here.

"Once they gain control of this town, the townspeople won't have a say when they start to make changes," Roberts said. "We'll end up kissing all that Butte history good-bye."

While many in the town are quite vocal in their support for the project, Howe and Roberts said they, as citizens, have an equal right to voice their views. And they would hope they'd be allowed to do so without attacks or unpleasantness.

"We have the same right to have concerns as others have to support this," Roberts said. "This is America, after all."

Ideally, Howe and Roberts said they'd like to see the gambling segment removed from the plans. They hope Tuesday's meeting will gather support for such a plan and allow supporters to plan how to bring that about.

Evan Barrett, executive director of the Butte Local Development Corp., however, said gambling is a small but necessary part of the program's financing. Barrett has been working with the developers to support the project, but said he respects

"Gambling is less than 1 percent of the physical plans of this, but it is the financial linchpin," Barrett said. "And nobody should try to stifle opposition, but we'd hope that the important economic upsides of the project will offset what negatives they might personally find with gambling."

Barrett also said an improved economy will help many social ills currently present in Butte, such as robbery and abuse, because people are less desperate and stressed in financially flush times.

## Wrong destination for Butte

*from Montana Standard/Our Readers Speak.*  
3-9-03

When times get tough, we turn to the devil? That well may be the solution for the party that has governed Butte forever, but please, not for the good people of Butte. Our family moved to Butte from the south in 1978, fleeing from all the things Destination Montana will bring to Butte. Highly congested traffic, large crowds, often rude, out of control stress levels, unaffordable real estate for the average family and sky rocket property taxes only display a tip of the iceberg. The real nightmare was crime in abundance, living with locked doors and windows. Many streets were unsafe even in the daytime. All the gambling industry does is bring corruption to the community and will drain the state of money.

Our family fell in love with Butte and its rich history. Many others, like us, have come to this "last best place," for the same reasons. Butte residents should be proud of its small town, laid back, love thy neighbor, family oriented atmosphere. Attributes, to mention a few, that make it the "last best place." Once gone, where will Montanans escape to find that "last best place?" Butte history reveals tough people that took a stand when times got tough and Butte persevered. Humble and however ugly it may seem to some, there's no place like Butte to many proud and grateful residents. We cannot allow greed to sell us down the river for the personal monetary gain of only a few.

Mr. & Mrs. John Roberts

Reporter Barbara Laboe may be reached via e-mail at barbara.laboe@mtstandard.com

**Citizens Against Destination  
Montana Meeting-  
East Jr. High Auditorium  
Tues, March 18th 7:00 pm  
Come see what YOU can do!**

They boast and tease with an impressive impact fee for Infrastructure: Sounds good— money for capital projects such as streets, sewers, lights. Enjoy it while it lasts!

## And after the honeymoon is over?

The costs to our city is high—for every \$1 brought in, count on \$2-5 going out in increased city costs. Butte will receive 1/2 of 1% to go towards these costs. How can this possibly help our budget/in costs.

Even Nevada—the most successful of all gambling establishments is realizing that gambling isn't easing any deficits. "Ironically, Nevada's governor, Kenny Guinn, just declared his state's tax strategy of collecting revenue from gambling a failure. Dianne Berlin, of the National Coalition Against Legalized Gambling, isn't surprised. For every dollar of social benefit, the losses range anywhere from \$1.90 to \$5.50," Berlin said. (Mar 6, 03 article by correspondent Steve Jordahl "States Look to Gambling to Ease Deficits")

From Focus on the Family Website on Gambling: A University of Illinois professor of commerce and legal policy (John Kindt, Ph.D.) asserts that for every \$1 of revenue generated by gambling, taxpayers must dish out at least \$3 in increased criminal justice costs, social-welfare expenses, high regulatory costs, and increased infrastructure spending. Legalized gambling is responsible for a host of social ills.

Give that some thought!  
What price will Butte pay?

**All that glitters,  
is not gold.**

## Farewell small businesses:

In the last few days, we've gathered info from other cities who have faced our same decision.

Every place except Nevada, gambling ends up destroying the city—economically. It runs out the mom & pop businesses—Black Hawk, Atlantic City, Panama City, Biloxi, Picoria, Alton, IL—all showed the same pattern within 5 years says Dr. Jay Scribner, of Branson, MO.

Jerry and Cora Jean from the Black Hawk area stated to us the grocery stores, gas stations, and hardware stores will slowly disappear. It becomes a one industry town. It is virtually impossible to get a cup of coffee or a meal at a restaurant unless it is in the casinos.

## Be wary of the promise to Keep the historic look of Butte:

In Black Hawk: The gambling was supposed to be restricted and limited to the commercial district of town—now it is the whole town. It was supposed to be that any raised buildings had to be historic in character of the town's existing architecture. The first few were—then it was more efficient to build bigger and now they are so big they look like huge ski lodges and parking garages.

## Be wary of the promise to limit restrictions on gambling in Butte:

In Black Hawk, they were very careful to limit the gambling area to 35% floor space of a building, allowing and encouraging the other 65% for other business alongside gambling—restaurant, ice cream parlors,...

Once the door was opened to gambling—they creatively defined 35% floor space to exclude the aisles around the tables, the coin cages, and coin changes—only the actual floor footage of the machine. Con-

sequently, they have wall to wall machines and gambling. No other legitimate business.

Who won?

Do you think they have the best interest of the town in mind? Think again.

## An insight on Gambling\* Gambling and Tourism:

The gambling industry holds out the promise of tourism—and an influx of tourist dollars—wherever it attempts to expand. No new gambling locale, however, has come close to imitating the Las Vegas model, in which an estimated 85% of profits come from out-of-state gamblers. Most gambling enterprises make their profits from the pockets of the local citizenry, thus merely transferring wealth from the community to large casino companies.

A survey of Illinois riverboat gamblers conducted in 1995 found that 85% lived within 50 miles of the floating casino at which they were gambling.

A study by Iowa State University reported that 94% of gamblers at the Prairie Meadows Race Track and Casino in Des Moines came from within the state.

80% of Wisconsin casino revenues come from Wisconsin residents, according to a study released in 1995.

## Addiction

The number of compulsive gamblers will increase between 100 and 550% when gambling is brought into an area according to University of IL Professor John Kindt.

In Iowa, the number of individuals with serious gambling problems more than tripled after casinos were introduced.

Casinos earn more than half their rev-

enues from problem and pathological gamblers according to Earl Grinols, U of IL Economist.

- The average debt of a gambling addict in treatment ranges between \$18,000 and \$50,000 according to IL State University Professor Henry Lesieur.
- 20% of compulsive gamblers attempt suicide according to the National Council of Problem Gambling.

## Family Devastation

- Domestic violence and child abuse increase dramatically when gambling comes into an area according to a 1995 report from Maryland's Attorney General.

- The Gulf Coast Women's Center in Biloxi, MS, has received an average of 400 more crisis calls per month since gambling's arrival.

## Adolescent Addicts

Adolescents may be the biggest victims of America's gambling obsession.

- Teens are three times as likely as adults to become addicted to gambling once exposed, according to Loma Linda University Medical School Professor Durand Jacobs.
- At least 1 in 10 teens engages in illegal activity (stealing, shoplifting, selling drugs, or prostitution) to finance their gambling, according to Durand Jacobs.

## Crime

- Three (3) years after casinos arrived, Atlantic City went from 50th to first in the nation in per-capita crime.

- At least 2/3 of compulsive gamblers turn to crime to finance their addiction, according to the Compulsive Gambling Center in

Baltimore.

#### Poverty

- o *The Minneapolis Star-Tribune* reports that more than 1,000 Minnesotans file for bankruptcy annually due to gambling losses.

- o *The Detroit News* reports that gambling-related bankruptcies in metro Detroit have increased up to 40-fold since the opening of a large casino in neighboring Windsor, Ontario.

#### Economic Mirage !!!!!!!

The gambling industry's mantra of jobs, economic development, and tourism is an enticing one—but it is false. Gambling has failed to live up to its lofty promises time and time again.

- o Counties that added casinos in the early 1990s have experienced no additional growth in new businesses, according to a *U.S. News and World Report* analysis.

- o Gambling's ability as a tourism draw has been vastly overstated. Surveys in Illinois, Wisconsin, and elsewhere show that gambling entrepreneurs make most of their profits from residents, not tourists.

- o Though gambling is often sold as a revenue boon to education, it has frequently failed to deliver. Often state legislatures simply redirect funds, resulting in no net benefit for education.

- o John Kindt (Univ. of IL) calculates that for every \$1 the state receives in gambling revenues, it costs the state at least \$3 in increases from criminal-justice, social-welfare and other expenses.

#### Government Corruption

The gambling industry exerts tremendous influence in places where it has established itself.

\* From Focus on the Family Public Policy Research Department

#### Are the figures from Destination Montana valid?

They project 70,000 visitors per week

They figure 48 out of 52 weeks a year.

How many times this winter alone has the airport canceled flights due to snow, fog, or less than 2 miles visibility (remember that is mandatory due to the lack of radar and our mountain range bowl)  
How many times this winter have the major highways been closed.

Are they blind, or just trying to blind you?  
Maybe we should call it -

Destination: Montainta

# Anti-gambling group speaks out against Destination: Montana

By LESLIE MCCARTNEY  
of The Montana Standard

Taking cues from other gaming communities, gaming experts and those with personal experience, a group of people calling themselves Citizens Against Destination: Montana expressed concern Tuesday night over the proposed \$1.8 billion project.

Armed with statistics, speakers pointed out several times that the project — and most specifically wide-open gaming — is not the answer for the struggling mining town.

In fact, they predicted it will bring a host of problems that some may not realize in their excitement over the project. Increased crime, addiction, social dysfunction like child abuse and financial ruin are

*"Are we going to put casinos  
six to seven blocks in front of  
our high school? I love Butte  
and don't want to see it  
destroyed."*

**Alice Paetzel**

among matters that worry the group.

And studies show that those costs are not picked up by gaming revenue but rather by the community itself, they claim.

At least three of the six speakers addressing the crowd of nearly 100 in the East Middle School auditorium said that studies have proved

that the community pays much more in supporting gaming — through social and economic costs — than it reaps in tax revenue.

The group also acknowledged that its stance is not popular, given the overwhelming swell of support the project has enjoyed so far. However, they point out that many unanswered questions and less-than-forthcoming answers remain.

"There's a lot of questions I do not see being asked," said John LaFave. "What if it gets built and they (visitors) don't come?"

At first, even some of those in the group admitted being dazzled by the project and possibility of increased property values, jobs and more.

But the more they researched, they found other gaming communities sustained the gutting of local

**See ANTI-GAMBLING, Page A7**

stone to open gaming across the state if legislation passes — and the city later will be left hanging.

"Are we the weak link to get into Montana?" she wondered.

In its financial desperation, Butte could trade economic promises for what many residents value the most about their town — a close-knit family community.

"Are we going to put casinos six to seven blocks in front of our high school?" questioned Alice Paetzel. "I love Butte and don't want to see it destroyed."

Organizer Rachel Roberts said that the group is not church, business or politically affiliated, but rather came together to oppose gaming.

Members were urged to continue to fight and will travel to Helena to express those views when the revenue bill is being considered.

Listeners were also given a list of House taxation committee members and local legislators.

Reporter Leslie McCartney may be reached via e-mail at [leslie.mccartney@mstd.com](mailto:leslie.mccartney@mstd.com).

## Anti-gambling ..

Continued from Page A1

business, longtime residents leaving town and various social ills.

Several speakers discounted developers' claims that the millions of visitors per year are expected to flood Butte to visit Destination: Montana's 10 or so casinos, musical halls, golf courses and athletic facilities.

Group member Donnie Andrews is extremely skeptical that thousands of gamblers each week will visit Butte, because its fickle weather can stop air traffic and highway travelers regularly.

He also said that his math shows that the average wage for the 8,400 jobs promised by the developers would only be about \$24,000 a year — or less.

"That is not a quality job," he said. To establish their case against wide-open gambling, the group referred to the histories of other mining towns such as those in Black Hawk and Central City, Colo.

"Gambling choked out all the small businesses," said Terri Howe. "What's going to happen when the big boys move in?"

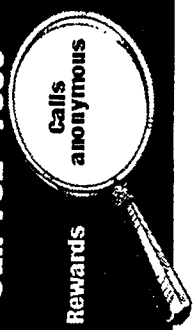
Backers also said that gaming is already present in Butte, but at least those casinos are local; and money generated locally is put back into the community. With out-of-state casinos, the money will flow out of state.

Howe also said that Butte may merely be a stepping-

## CRIMESTOPPERS

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## media watch

By Rick Foote

**If it isn't one thing....** Police are investigating the identity of a mummified corpse found in a house on West Granite Street that is being emptied to welcome new owners. Apparently the mummy was discovered, wrapped, in an unfinished portion of an attic.

**Keep and eye on this one.** The first of lawsuits against three former Howell County High School seniors who videotaped young women in various states of undress in the women's locker room in Deer Lodge.

The suit has been filed as a class action and the three students' parents also have been named as defendants. The plaintiffs include parents from Deer Lodge, Missoula, Florence, Frenchtown, Troy, Philipsburg and Drummond.

The defendant students, Eddy Jewman, Matt Thomas and Ben Frankfurter, pleaded guilty last December to felony burglary and admitted to installing two-way mirrors in the girls' and boys' locker rooms. Camcorders also were used.

We briefly talked with one lawyer who said it is not clear whether homeowners' insurance covers criminal acts.

There also is a question about who might be liable for damage because some of the boys were less than 18 at the time of the offenses.

The boys were expelled, served 30 days in jail, and ordered to complete 250 hours of community service and apologize to victims.

This could be an even worse mess than it already is.

**We happened to be watching** some "war" coverage the other night and the following appeared on the "crawler" at the bottom of the screen.

It said that NBC would not cover the Iraq situation from within the country and that FOX News had been banned from that country. Now CNN has been kicked out of Baghdad.

We think Saddam might be right about one thing - banning FOX.

NBC has contracted with Peter Arnett to do its heavy lifting in Iraq. The Vatican and the World Council

of Churches both have come out against the war.

We, however, have this war figured out. It took so long for the 7th Cav to get across the desert we figured Saddam would die of old age.

**Citizens Against Destination** Montana, a group opposed to wide-open gambling in the community, drew about 100 people to a meeting last week. Our sources tell us that about one-third of those individuals were there to observe, not as members nor supporters of the group.

That's not a bad turnout. Objections followed the standard lines: increased crime, addition, social dysfunction, child abuse and financial ruin.

The group doesn't believe projections of tourism will materialize.

The organizers say there is no religious affiliation by the group.

One somewhat disturbing thing was that the organizers would not allow questions from the audience. Questions could be submitted in writing.

**And, another issue popped up.** A

collection was taken to defray expenses. Now, if the group plans to lobby the legislature, it must be registered as a lobbying group and every contribution must be reported.

**Sen. "Dangerous" Debbie Shea,** D-Butte, has backed away from her bill to overturn a voter-approved ballot measure to ban cyanide mining.

Maybe even she could not stomach the idea of an Imperial Legislature telling people their vote doesn't count. But, the mining companies are going to mount a petition drive to get the measure back on the ballot.

Then watch the heavy money being spent. The mining industry has no problems with imperialist acts.

**From Billings we hear** that veterans' organizations are trying to ban protests of the war in front of memorials on the courthouse lawn. We are not sure what veterans these are. Veterans, in our view, generally fight to preserve our freedoms, speech, assembly, so forth. So veterans who try to take away other's freedoms must be from somewhere else - right?

century of butte stories



To: Rick Foote  
The Butte Weekly  
32 S. Main, Butte, MT 59701

From: Rachel Roberts  
Citizens Against Destination Montana

Response to Media Watch (Citizens Against Destination Montana)

Dear Rick

Per response to your Media Watch publication regarding Citizens Against Destination Montana, I would like to clarify your publication.

First Paragraph (Media Watch)

Citizens Against Destination Montana, a group opposed to wide-open gambling in the community, drew about 100 people to a meeting last week. Our sources tell us that about one-third of those individuals were there to observe, not as members nor supporters of the group.

Response – Between three people counting the attendance at East Middle School, we averaged 135 people. We collected a total of 96 signatures comprised of concerned citizens. Would you say that would be supportive for the situation at hand?

Second Paragraph (Media Watch)

That's not a bad turnout. Objections followed the standard lines: increased crime, addiction, social dysfunction, child abuse and financial ruin.

Response – No problem except grammar; addition (Did you mean addiction, (Gambling)).

Third Paragraph (Media Watch)

The group doesn't believe projections of tourism will materialize.

Response – Grant it PGA golf courses are seasonal. Who will make trips to Butte in October, November, December, January, February, March, etc...when most people would preferably spend gambling time in balmy Las Vegas.

Fourth Paragraph (Media Watch)

The organizers say there is no religious affiliation by the group.

Response – In our opening statement, we stated that Citizens Against Destination Montana is not church, business, or political party affiliated. We are a group of concerned citizens opposed to, the then drafted Level 3 gambling bill to be implemented into our community.

Fifth Paragraph (Media Watch)

One somewhat disturbing thing was that the organizers would not allow questions from the audience. Questions could be submitted in writing.

Response – One could speculate that Destination Montana has been in the planning stage for quite some time, one, two, three years? Citizens Against Destination Montana was aware of the Level 3 gambling bill one week prior to our public meeting. We felt inadequate to open the floor to answer question because we didn't know the answer to too many questions, like why is this drafted Level 3 gambling bill up for a prompt legislative hearing, when the community was newly informed of Destination Montana? If the Level 3 gambling bill wasn't pushed through so fast,

we would have encouraged an answer question time, but due to the nature of the bill we needed to inform citizens of the legislative process and what a Butte citizen can do.

Sixth Paragraph (Media Watch)

And, another issue popped up. A collection was taken to defray expenses. Now, if the group plans to lobby the legislature, it must registered as a lobbying group and every contribution must be reported.

Response – Since our public meeting, Tuesday, March 18, interest from across the State of Montana informed us that lobbyist are set in place for other groups of concerned citizens who oppose Level 3 gambling. Therefore, Citizens Against Destination Montana will humbly appear in Helena before the House Taxation Committee to testify, Thursday, March 27. Maybe you could say we are ordinary citizens with an extra-ordinary mission.

Overall, I would strive to find more reliable "sources" for your Media Watch information.

Rachel Roberts

Citizens Against Destination Montana

se we're chintzy. We can find far  
they.  
as being held up at the gas pump,  
companies, robbed blind by the  
nch of spoiled-rotten crybabies?

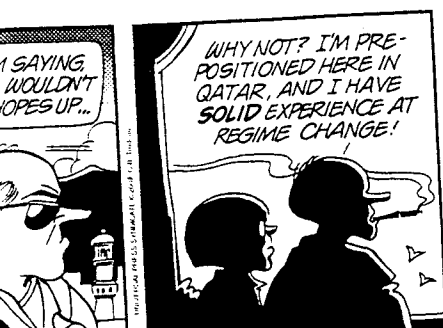
Montana Standard's opinion page  
hed at 25 W. Granite, Butte, MT  
5-5515.

## the streets!

om the Scripps Howard News

ace activists who have been  
dreds of thousands protesting a  
on Iraq:  
y serious about stopping the war,  
Take to the streets right now and  
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resident Bush's ultimatum and  
ely. The result: No war, just as you  
g.  
violence-free solution. No bombing  
No one gets hurt. Just a quick ride  
port and onto a plane for Saddam  
t works for everybody.  
a good, long run in office — he's  
sly elected president for 24 years —  
he's stashed a good bit of the Iraqi  
as banks, he won't be hurting for  
ent. And surely the French, forgiv-  
allow Saddam, his murderous sons  
rted war criminals in his inner circle  
riera.  
ve accused you activists of using  
a pretext to vent anti-U.S. hostility.  
l critics they are wrong and that you  
ce. You do want peace, don't you?  
rets!

By Garry Trudeau



## Build it, and they will come?

Remember "The Music Man"? Well, the latest incarnation of Professor Harold Hill (this one's from West Palm Beach) has dropped into town to sell us yokels on the saving power of entertainment ... and gambling. That's right folks, we're headed for ruin unless Prof Hill can build us music halls, golf courses, athletic/corporate retreats, and casinos. If we can convince the legislature that his plan is our salvation, he'll conjure up \$1.8 billion (that's \$53,000 for every person in Butte) to build them — or so he says.

Yes sir, 40 music halls featuring "stars from the 60s and 70s" (folk singers and disco acts?), plus a casino here and there, are all we need to draw throngs of visitors to Butte! According to Professor Hill, 6.4 million people per year (that's an average of 123,000 per week) will make the trip! Furthermore, by the professor's calculations, this stream of tourists will reap the state \$376 million per biennium. No need to check his numbers, he's done his homework and put "a few more zeros at the end" to make it work.

The visionary Professor Hill sees the appeal of "executive brain-washing sessions" and golf in a high-alpine desert with the nation's largest Superfund site as a backdrop. And who would have thought that Butte has the perfect climate for a National Football League training camp! Never mind that there isn't an NFL team within 500 miles of here. If we simply build it — of course they will come.

Yes sir, we've got trouble, right here in the Mining City, with a capital "T" that rhymes with "G" that stands for gullible!

**John LaFave**

1108 W. Galena St.  
Butte

## God's anointed speak to the heart

This letter is in response to the letter in the March 7 paper from Mr. William L. Brandon about the Strength Team.

We are grateful to Pastor Mark Stearns and the other churches in our communities who helped bring the Strength Team to Butte.

We are the so called "exploited youth" he referred to and we are not so naive as to

distributed among the  
follow up with the pe  
decision to follow Ch  
700). The reason for  
(age, sex, etc.) is so t  
contact person could  
individual.

We leave you with  
"Do not touch my  
not touch my prophe  
16:22

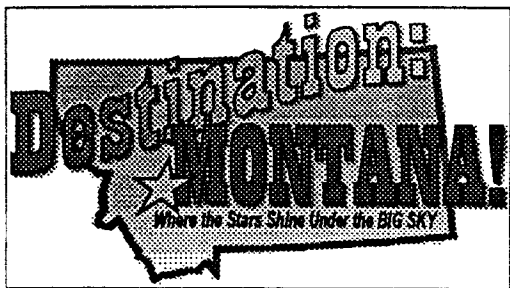
## The majority gave nothing

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## FACT SHEET

# **Making Butte and Southwest Montana a national tourism destination center.**

**for scenery, sports, recreation and entertainment**

## **BENEFITING ALL OF MONTANA**

### **Description of Destination: Montana!**

- ◆ 40 Music Halls in Music & Entertainment District (Branson, Missouri model), but featuring music stars from the 60's & 70's
- ◆ 60,000 theater seats in the 40 Music Halls
- ◆ 3 PGA Quality Golf Courses which, when added to the Jack Nicklaus Signature Old Works Course in Anaconda, will make the area a quality golf destination
- ◆ 6 High Altitude Athletic Training Centers for professional, amateur and Olympic athletes/Corporate Retreats
- ◆ 10,000 seat Stadium for competition, games and activities
- ◆ 10 Casinos with expanded gaming in ½ sq. mile Music & Entertainment District (statutory maximum)
- ◆ 10,000 directly-owned motel & hotel rooms (10-15,000 more from others – 25,000 total)
- ◆ A large Convention Center
- ◆ Tie-ins to existing outdoor scenic and recreational opportunities of Southwest Montana: fishing, hunting, boating, riding, biking, climbing, skiing, snowmobiling, etc.
- ◆ Music & entertainment district adjoins with and is designed to look like Historic Uptown Butte
- ◆ At least 85% of marketing funds must be spent to attract out-of-state customers

### **Butte Location Chosen Because of:**

- ◆ Intersection of N/S and E/W Interstates (I-90 & I-15)
- ◆ Location Between Yellowstone and Glacier National Parks
- ◆ Extraordinary Historic District
- ◆ All season recreational opportunities of Southwest Montana
- ◆ In-town Airport with 9000' runway
- ◆ Ability of SW Montana Area to Accommodate Growth

### **Music & Entertainment District Requirements**

- ◆ Must be at least 75 acres completely in:
  - National Historical Landmark District
  - Urban Renewal Area
  - Superfund Area
- ◆ Must be developed as a Planned Unit Development to insure comprehensive planning
- ◆ Must have \$1 billion in finance in place before granted permits by local government
- ◆ Before permitting, must have commitment for at least 20 Music Halls, 1 golf course, 2 training centers

### **Impact of Destination: Montana!**

- ◆ \$1.8 billion construction project
- ◆ 12 million square feet of construction
- ◆ Attracting a total of 6.4 million visitors to Destination Montana in Butte, 1.6 million from current flow of tourists, 4.8 million new tourists to the state
- ◆ Generating 8,400 new permanent direct project jobs in Butte (\$204 million annual payroll)
- ◆ Generating 8,200 new permanent tourism jobs in rest of state (\$123 million annual payroll)

- ◆ Generating \$300 million annual payroll during construction
- ◆ Generating \$1.5 billion in tourist spending in Southwest Montana upon completion
- ◆ Generating \$442 million in additional tourism spending in rest of the state:
  - Hotels/motels - \$71 million
  - Gas/Oil - \$97 million
  - Restaurants/Bars - \$80 million
  - Groceries - \$36 million
  - Retail- \$106 million

#### **New Revenues for the State & Butte-Silver Bow from Destination: Montana!**

- ◆ Collected totally from Butte area, new area entertainment ticket tax (\$3), bed tax (2%) & gaming tax (3.5%) – paid mostly by out-of-staters (estimate)
- ◆ State Revenues
  - ◆ \$188 million annually (\$376 million per biennium) beginning in 2006, allocated to:
    - Education
      - ✓ Estimated \$37.6 million annually (\$75 million biennially) or 20% to K-12 Education
      - ✓ Estimated \$37.6 million annually (\$75 million biennially) or 20% to University System, including reduction of in-state tuition
    - Human Services
      - ✓ Estimated \$37.6 million annually (\$75 million biennially) or 20% to Child Health Care, Treatment of Gambling Addiction, and other DPHHS Programs
    - Local Government Revenue Sharing of an estimated \$18.8 million or 10% annually allocated among Each & Every Local Government in Montana
    - General Fund to receive an estimated \$56.4 million annually (\$113 million biennially)
  - ◆ New Income Taxes to State (over and above the aforementioned taxes)
    - \$10 million extra per year from Butte area from construction workers during construction
    - \$6.7 million per year from Butte area from permanent direct employees of project
    - \$2.5 million per year from rest of state from growth in tourism jobs
  - ◆ \$36 million in 2004 from impact fee (one-time)
- ◆ Local Government Revenues
  - ◆ \$9 million in 2004 from impact fee (one-time)
  - ◆ \$38 million annually for general government uses (beginning in 2006)
  - ◆ \$32 million in new property taxes

#### **Controls and Limitations on Gaming at Destination: Montana!**

- ◆ Not more than 10 casinos in an area less than ½ square mile (Music & Entertainment District)
- ◆ Not more than a total of 500,000 square feet of gaming floor in Music & Entertainment District
- ◆ No sports betting allowed – table games and slot machines allowed
- ◆ Strong regulation from the Gaming Control Division of the Montana Department of Justice
- ◆ Gambling legalization sections will not be effective until 7/1/06, targeted completion date for project
- ◆ If project not fully underway by 12/31/05, the bill, including gambling sections, becomes null & void
- ◆ Initial regulatory set-up paid from application and impact fees; long-term regulation paid by Music & Entertainment District casino, table and machine annual fees

#### **Timing of Destination: Montana!**

- ◆ Legislation – Spring 2003
- ◆ Design, engineering, planning to Spring 2004
- ◆ Construction to Summer 2006
- ◆ Grand Opening Target – Summer 2006

THE NATIONAL COALITION  
**NCAGE**  
AGAINST GAMBLING EXPANSION

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100 Maryland Avenue NE, Room 311, Washington, DC, 20002 ~ 1-800-664-2680

Tom Grey, National Spokesman, Field Director, NCALG and NCAGE  
Address to the Seventh Annual Commercial Real Estate Deal Maker Forum  
October 24, 2006  
Cleveland, Ohio

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It's a great time to be in Cleveland, the "New American City," as your slogan says. Cleveland is like a lot of other great cities, fighting its way back from hard times in the 90s. You're doing it right, from the ground up, with hard work and good people -- building on your strengths.

Yet in times like these, there's always a promoter trying to sell you a quick fix for all your problems -- some get rich quick scheme -- just buy their product and your big challenges will fade away. Play their game and money will grow on trees.

I want to talk about gambling as a product this morning, not the gamblers or whether people gamble. Let's focus on what happens when you introduce gambling as a product into the economy. We want to talk about who wins and who loses when gambling establishes itself in your community.

I've worked with coalitions of business, civic, religious and political people who have fought in 49 states to stop the spread of gambling. Our people are Democrats and Republicans, liberals and conservatives from all walks of life. Some are religious and some not, but all are determined to fight the ongoing push for more gambling, resulting in more addiction and more social and economic problems.

Mr. Fahrenkkopf represents the gambling promoters and their top-down pressure of big money and political muscle. These gambling interests are always looking for a place to push their product onto any community willing to listen to their "gamble yourself rich" sales pitch.

Our efforts rely on giving the facts to ordinary people. We certainly haven't been winning with money. Our entire national budget is something like \$120,000 a year. Obviously, the grassroots efforts here in Ohio are being vastly outspent, with the slot machine crowd

spending \$15 to \$20 million on their campaign, vs. the 10,000 lawn signs being distributed right now by the Ohio Council of Churches.

From the beginning, gambling tactics worked to play states against each other. You know how that sounds. They use the neighbors to justify their slot machines. Indiana has slots, and it looks like Pennsylvania may get slots, so the gamblers tell Ohio you'll need your own slots to keep the losses at home. "Let's mug 'em here so they don't get mugged in Pennsylvania or Indiana."

Gambling is like a fungus. If it gets started in one region, it tends to spread. We saw this happening, and in 1994 we formed, from the bottom up, a national organization to fight it. We gathered local and state activists and formed the National Coalition against Legalized gambling.

We started sharing information and we challenged the spread of gambling at the ballot box.

We did that in the peak of hard times for states. State budgets were upside down all across the country, and the casinos were pitching gambling as "the force of history, the wave of the future." In the beginning there were bands playing while governors cut ribbons and welcomed the riverboats as economic salvation. The promoters declared that gambling was "inevitable," but a decade later we now know it isn't even desirable.

The wave of gambling hit a wall when we started exposing the product. Key votes in Ohio, Rhode Island, Missouri, and Florida surprised the gambling promoters. Voters turned it down. They burst the balloon of inevitability. The promoters lost. Ordinary citizens were successful. It's at the ballot box where we have our best results. They can buy legislators with their threats and big campaign contributions, but they can't buy elections.

In 1995, the casinos formed the American Gaming Association. They like the word gaming. It's deceptive. It sounds like scrabble and football more than it sounds like craps and slots. But they needed something to mask their predatory product. They spent millions trying to spread their empty promises of painless revenue streams and no victims – nothing but fun and games for everyone.

It's a snake oil remedy that doesn't work. It's not gaming, it's gambling. They keep leaving out the "BL" which stands for "Big Losers," and they want you to forget that part. They try to call it "economic development," "Jobs jobs jobs," "A painless revenue stream." "Only the willing do it." "Its entertainment like shopping and the movies." So let's examine the product they call gaming.

This product is not good economics. These Ohio promoters are selling "Learn and Earn," but it's really nothing but "Churn" in the business community. Gambling cannibalizes. It sucks disposable income out of the economy and flushes it down the slots. It creates no new dollars. Even if there weren't social costs, the best it could be is a zero sum game. It's trading dollars. It's churn.

It's not a painless revenue stream. It's a painful revenue drain.

What kind of government makes losers out of its citizens? This just plain bad business and it's not good for quality of life.

Gambling is and always has been an "other side of the tracks business." Do you really believe that valued lakeside museums and gateway sports complexes are enhanced by having a casino next to them?

In addition, there are terrible side effects with this product. Read the label. "May Cause" – no -- "WILL cause addiction, bankruptcy, crime and corruption."

These people are asking you to change your Constitution to allow them to sell their snake oil. Why would you want to do that?

Well, most of you are here this morning because you are business people whose businesses rise with the tide of a flourishing Cleveland, the community where you live and do business. Let me use an example from one of America's most admired businessmen from the past named Herb Taylor. He used to attend the Park Ridge Methodist church near where I live.

Some of you are probably Rotarians, and you've probably heard of Herb Taylor. He took over the nearly bankrupt Club Aluminum Company in 1929. He turned the Depression embattled company around with a lot of hard work making a product that was useful.

Taylor's hammered aluminum cookware, first shiny and metallic, and then avocado green and orange, cooked America's dinners for decades.

He rebuilt the Club Aluminum Company by implementing a basic business model that included what he called the "Four Way Test." Taylor became President of Rotary International and that worldwide group adopted

his test as well. It fit the organization's ideal of community involvement and putting "service above self."

For Taylor, a deal wasn't a good deal unless it was a good deal for everyone. Every deal, and every major business decision, had to pass these four questions, or tests:

***Is it the truth?***

***Is it fair to all concerned?***

***Will it build good will and better friendships?***

***Will it be beneficial to all concerned?***

What worked for Taylor and Rotary International is a good way to look at what will work here so let's apply the Four Way Test to Gambling in Ohio.

### **Is it the Truth?**

The casino crowd has made billions turning teachers, school kids and PTA parents into gambling lobbyists. They do this by promising money for education, and that's exactly what they're doing in Ohio. We see this all over the country. We labeled it "Slots for Tots" when they tried it in New Hampshire. "Keno for Kids" was the mantra when they tried it in Illinois. That's a terrible example to be setting for children. When the Lottery Giant G-Tech tried to set up shop in Hawaii, they counted on the teachers' union to front for them. But the Hawaii teachers association – the very people who stood to get raises from the plan – turned it down! They said it just sent the wrong message to the kids they were teaching. They said "No," based on principle.

Your own Ohio college Board of Regents, the people who are tasked with looking for scholarship money, has turned their backs on this scheme. Trustee Robert H. Schottenstein concluded, "Issue 3 doesn't smell right, feel right or seem fair."

Gambling promoters need to pick education or some other worthy community cause to buy their way into our communities or states. They want us to overlook the fact that the lions share of the money goes to them. In Ohio, it's 55 percent. They want us to think the money's not going to the gambling promoters; they want you to think it's going to the schools.

But come on. It's still coming from the people.

If it isn't education, then it's economic development or some other great deal that they're going to provide for free. But they never tell you the other side of the story.

Your former governor, Sen. George Voinovich hit it right on the head. He told the *Dayton Daily News*, "They call it 'Learn and Earn'. I call it 'deceit and greed.'"

Gambling isn't new money. It's re-directed money. It's trading dollars.

Gambling came to New Mexico in 1994, and by 1998 the state's Secretary of Taxation and Revenue reported roughly \$1 to \$1.2 billion per year in other taxable sales had fallen off the balance sheet. Entertainment, retail, restaurants, and services took huge hits from the casinos, and as a result, paid far less in taxes.<sup>1</sup> The best the economists could say was the economy was playing a

"zero sum game." The casinos were winning and the other businesses were losing

Iowa gambling experience replicated the New Mexico story. Coming out of the farm crisis of the 90s, Iowa cities that kept working hard, like Cleveland has, made big progress in retail sales from 1996 to 2000. Urbandale was up 41 percent. Ames was up 27. Fort Dodge was up almost 21 and Fort Dodge nearly 18. The casino cities retail sales weren't so good. The best was Marshalltown at 7.7 percent and Burlington had a whopping MINUS 1.8 percent.<sup>2</sup>

While the rest of Iowa was harvesting its way out of the farm crisis, the casino cities were losing out. The riverboat towns were reduced to being gleaners.

Both of your gubernatorial candidates understand this cannibalistic, parasitic behavior of gambling. Ken Blackwell @ says "Examples of broken promises to fix education, failed economic development, and ruined communities are found wherever gambling advocates lay down stakes and make bold promises. We must beware of the pie in the sky. We must make responsible decisions and, more importantly, we must make certain that we act with our state's long-term health and prosperity in mind. Issue 3 is nothing more than a diversion."

Ted Strickland (D) says "I oppose the expansion of gambling in the state of Ohio. As a former minister and psychologist, I'm deeply concerned about the rise of gambling addiction that would accompany an expansion of gambling. I also believe that this is an unwise way to seek lasting, meaningful economic development for our great state."

This isn't a partisan opinion. Politically, you can fit everyone in the room between your two governor candidates, can't you?

Casinos promise "Jobs! Jobs! Jobs!" but what they deliver is an illusion. When I started fighting gambling in 1992, the gambling promoters were promising jobs in Chicago. Here's how their story grew. This is from University of Illinois Professor John Warren Kindt's article published in the Drake University Law Review.

In March, the promoters were promising 10,000 construction jobs and 20,000 permanent jobs. Two months later, the "new jobs" had grown to more than 38,000. By November, eight months later, the estimates had raised to 90,000 jobs. The now defunct accounting company Arthur Anderson then tweaked the numbers and it went up to 100,000 jobs.<sup>3</sup>

Here's the reality check. There are nine casinos in Illinois I called the Illinois gambling commission, and they tell me that right now there are 8,564 people on the casino payrolls. Out of about 6.3 million jobs, in Illinois, you don't even know they're a part of the economy. If you try to divided that out for a percentage, you'll get a dot and three zeros before you get to a ONE. That's not big jobs impact.

You have about 5,677,300 civilian jobs in Ohio – more than 644,000 of them in this county alone. You aren't going to get enough new jobs to matter and the

ones you get from slots barns will be at the expense of other businesses – the ones that went broke or lost sales because of gambling.

Is the gambling sales pitch the truth? NO! No state has gambled itself rich, including Nevada – a state that should serve as a model for what a state can produce with gambling. Nevada recently passed the largest tax increase in that state's history. Republican Governor Kenny Guinn told his legislature in his inaugural address, "Our revenue system is broken because it has relied on regressive and unstable taxes." (Guinn understands that when you take money from the citizens to run the government, it's still taxes, even if you do it with a slot machine.)

Guinn told his legislature, "Implicit in this (gambling) tax strategy was a belief that the revenues from gaming and tourism could keep pace with our growing and diverse population. Unfortunately, this strategy has failed.

"Nevada ranks near the bottom in per pupil spending on education, and spends less per capita on Medicaid than any other state. If those two areas don't concern you, take a look at where Nevada ranks in high school dropout rates, teen pregnancy, and children living in poverty."

If the epicenter of gambling can't gamble itself rich – if the poster-child of casino funded government can't balance the budget, and if the model of slot machine largesse fails its kids so miserably, why would Ohio want to follow Nevada on its downward path?

Cities don't gamble themselves rich either. New Orleans was planning to have the world's largest casino. They were already a tourist destination, but they gave the most prime piece of real estate in the heart of the city, between Canal and Poydras streets, for their casino. Within a year, the temporary casino was closed and building on the permanent casino stopped. C.B. Forgotston, our man in New Orleans, called this meltdown the "Chernobyl of casinos."

The New Orleans casino later reopened with a classic bait and switch maneuver. It dropped from 50,000 promised jobs to 2,500 jobs. Then they shed restrictions of no restaurants and no hotel. Those restrictions were supposed to protect the other existing hotels and restaurants. So now they are free to cannibalize other businesses, and on top of that, the city reduced their taxes by 50 percent for the first year and 40 percent for subsequent years.

In the 90's Chicago's Mayor Daley, who spoke to you last year, was courting a mega casino. Fortunately for the mayor and the citizens of Chicago, the effort failed. The casinos lost, and for the next 10 years you couldn't find a building crane to construct a casino in Chicago because of the renaissance in real development.

Other cities took hard looks at gambling and said "no." San Antonio, Texas; Providence, Rhode Island; Omaha, Nebr.; and Madison, Wisc. all did the math on gambling and turned the casinos DOWN! They've all had the Chicago renaissance experience, while gambling



towns like the ones I mentioned in Iowa were flat or faltering.

These slots proposals fail the truth test every time. The only job gambling provides in the long run is a snow job. They just can't deliver on their promises of economic prosperity.

#### Is it fair to all concerned?

Pulitzer prizewinning author Taylor Branch said he couldn't think of "anything more cynical" than government funded by gambling. Branch, who chronicled the life of Dr. Martin Luther King, in the biography titled *Parting the Waters*, sees right through the government gambling game. It's nothing but a trick to get someone else to pay the public bills. Branch talks a lot about the very foundation of American democracy – the concept of self governance. He reminds us that addicts, by definition, are not able to self govern. He also points out that politicians who are addicted to gambling demonstrate they can't govern either.<sup>4</sup>

Warren Buffett is another man who doesn't think government should be promoting gambling. In a fireside chat I had with Buffet when he was working to keep gambling out of Omaha, he was emphatic that government should be on the side of its people.

Buffett says the state is "Teaching the citizenry something all the time" by what the government does, and he argues that gambling teaches citizens that "the state is on the other side of the transaction from you. They are trying to get you to do something dumb. I think the state should be trying to do something FOR its citizens, not TO its citizens. I think for the state to prey upon its citizens, to create more of these addictions . . . is wrong. I think it's cynical on the part of the state to raise money from people who can't afford it by promising a dream that is not going to come true for any but the tiniest, tiniest fraction of the people who participate.

"There is a lot of hope being sold in the world. I think it's very cynical of the state . . . to sell false hopes."<sup>5</sup>

Buffett is dead on with this. Can you imagine the state running ads asking people to smoke more, or drink more alcohol because the schools need the tax money?

The simple truth is that 30 to 50 percent of casino gambling money comes from problem and pathological gamblers. Can anyone think of anything more cynical than funding education on the backs of sick and troubled people?

The gambling industry plays fast and loose with statistics about whom the "average" casino gamblers are. "College educated," they say. "Church people." "Pay their credit cards on time."

But what they won't do is describe the people who are their best customers, the biggest losers. Like most businesses, they get 80 percent of their business from 20 percent of their customers, but within that 20 percent are the two to three percent who are pathological gamblers, and another two or three percent whose lives are damaged by their gambling.

So let's look at those addicted gamblers. Who are they? Well, they're people a lot like you and me, and here are a few examples of the kinds of things these good citizens do when they get hooked.

Nashua County Florida had its bond ratings dropped twice because a trusted county employee embezzled more than \$1million, and then killed herself – because she was a gambling addict.

There's a school district in Kansas that canceled classes and laid off teachers because the trusted superintendent embezzled \$854,000 for his gambling habit. The remaining teachers are buying pencils for their students from their own pockets.

Right here in Ohio, the city of Galion lost its D.A.R.E. anti-drug program and civic groups had to chip in for fireworks on the Fourth of July. The city sold off police cruisers and computers to raise cash. Residents volunteered to clean parks, road projects have been scrapped, and taxes and utility charges have soared.

That all happened because the town's former finance chief had a gambling problem. He was blinded in a subsequent suicide attempt.<sup>6</sup>

I could go on all morning with these stories because there are thousands and tens of thousands of them.

Mr. Fahrenkopf on many occasions has dismissed my references to gambling's body count as being nothing but "anecdotal evidence." I guess that means that these destroyed lives and their suffering doesn't count and these lives weren't worth anything. But I'm telling you this nation is littered with the ruined lives of anecdotal victims. Frank, you can't hide the bodies that the industry you represent dumps on us.

Tragically, these victims often start out as trusted, highly active and valued members of the community. They are bookkeepers and lawyers and accountants who steal from their clients. They don't usually intend to steal. They are chasing their losses, and think they can just "borrow" until they make that big win and then they'll pay it all back. You can't tell who they are. Addicted gamblers don't come to work with dice on their breath or needle marks on their arms.

There are about 400 of you here this morning. If casinos come to town, you can expect about 12 of you will become this kind of addicted gambler. You might not steal, but the addiction will likely cost you your home, your savings, your family, and your self respect. It could be you, your spouse, your siblings, your children. In the end, this addiction humiliates formerly great citizens to the point of desperation and even suicide. Gambling addicts think about suicide more than any other addictive group, and they act on those thoughts.

For years Nevada led the nation in suicides, and it's still in the top two or three every year. Montana passed them after they enacted convenience gambling – electronic gambling machines all over the place. Montana achieved more gamblers anonymous chapters than any state in the nation, and then they won the title for the most suicides.

Inviting a casino to town is playing Russian roulette with your friends and neighbors; employees and business partners. At three percent, which is conservative in a casino town, it would be like giving you a handgun with 400 chambers, and 12 of them are loaded. Are you sure you want to pass that around the tables? Are you willing to pull that trigger?

How many would feel good knowing 12 people in this room would lose everything -- so the rest of us could have a cheap buffet and watch a 1970's revival entertainment act?

Three percent is not a small number. The Cancer Society and Center for Disease Control say about half of one percent of the population has an active cancer at any given time. A gambling addiction rate of three percent is SIX times the national average for active cancers. Gambling addiction doubles in the market area close to a casino, and it goes up another 70 percent for each step you take toward "disadvantages" like poverty. The poor and the uneducated are far more likely to become addicted. Cleveland has more than its fair share of disadvantage. Your own university's Center for Poverty Studies says "of all big cities in the United States, Cleveland has the highest poverty rate." The impact of slots parlors on this population is known. It's predictable, and it's deadly.

In Cincinnati, when this proposal got started, a group of promoters estimated their profits and the communities' costs. Their budget admitted the plan would create 109,000 new victims.<sup>7</sup> A great number of them would be in Cleveland.

Is it fair to all concerned to introduce that kind of damage on our citizens -- our neighbors?

And who pays for all of this proposed damage? The rest of you will. New addicted gamblers cost more than \$11,000 each<sup>8</sup> -- MINIMUM in "externalities." That's extra costs the society pays for law enforcement, incarcerations, lost worker productivity, divorce, health care and the like. Gambling isn't entertainment like shopping or the movies. It always brings with it a tide of what we call the ABCs of Gambling: Addiction, Bankruptcy, Crime and Corruption. These cost the state, and the taxpayers, and you, the businesses, money. That's why gambling is a net loss to the economy.

So what's your share? Let's do the math. Park a casino in your town, and the addiction rate will hit 3 percent or higher. Each new addict costs the economy more than \$11,000. That's about \$33,000 for each hundred people, or \$330 a year for each of you. And that's using the most conservative numbers available!

Think about that. Your standard of living goes down that much every year, even if you never drop a single quarter in a slot machine. And, of course, you'll ALL need to be feeding the slot machines, because you believe in college education, and that's the way these slots promoters want you to fund scholarships... right?

Businesses take direct hits from other people's bankruptcies, and many of you have probably had to write off those kinds of losses. I would guess that foreclosures

are not your favorite real estate transaction. Across America, comparable counties with casinos have more than twice the individual bankruptcies than those without casinos.<sup>9</sup>

So let's review that question. Is casino gambling fair to all concerned? Of course not. It targets those who can least afford it, and it creates a massive new population of sick people who will need public support.

Gambling might pay for a few scholarships, but then you'll need a lot MORE scholarships for the children of parents who have gambled away the college education fund. You'll need jails and public housing for those who have lost their homes. You'll need more Medicaid and Medicare for those who have lost the money they should have had for health care.

And, you'll need more insurance to shield yourselves from people you have trusted for years and years. Those are costs the gambling people won't tell you about. The house wins and the citizens pick up the tab. Certainly this is not a good deal for all concerned.

Now for the third question: **Will it build good will and better friendships?**

Well, I doubt it. Making slots promoters rich by turning citizens into losers isn't a friendly relationship. It's adversarial, predatory and parasitic. It doesn't build friendship. It builds cynicism and despair.

Good will means the customer goes home and says I got a good deal.

Gambling doesn't build better friendships, but it does provide fertile ground for conspiracy and corruption. This is something that just doesn't change. We are enduring the third historic wave of gambling in America. We had it at the time of the American Revolution, and again after the Civil War. Each time, corruption got so bad the states almost universally criminalized gambling.

It's not bad enough that gambling promoters want to turn the PTA and school children into gambling lobbyists, but the industry gets government addicted to gambling revenue. With that addiction come dependency and inevitable corruption. Did anyone here notice that ALL of the corrupt activities of Washington lobbyist Jack Abramoff were directly related to gambling? The money came from tribal gambling. Right here in Ohio the 18<sup>th</sup> Congressional District's Congressman has pleaded guilty in that scandal. Bob Ney was planting testimony into the Congressional record to support Jack Abramoff's scam to buy gambling boats in Florida. That hardly qualifies as "good will and better friendships."

Money has been called the mothers' milk of politics, and vast sums of money have flown freely from the gambling spigot.

The Agua Caliente tribe in California just gave their COUNTY Republican Party \$450,000. They openly admit they did that to defeat candidates who opposed their casino expansions. That's not the way to build clean politics and civic friendships. Are you sure you want that kind of pressure influencing your elections? These things happen because gambling generates huge sums of money

– it sucks it out of the economy and then uses it to corrupt the government. You see it all over the country.

In your own state, the *Plain Dealer* says gambling promoters have planned to spend \$15 to \$20 million to get their foot in the door – millions of dollars to get you to change your constitution. Remember. This didn't start with George and Ethel over coffee drawing up a neighborhood petition to bring casinos to Cleveland. It started with big money and political muscle paying cash money to HIRE people to collect signatures.

Gambling comes to town much like a proverbial camel poking its nose in the tent. You've all watched the Ohio lottery as it metastasized into drawings three times a day, scratch off tickets and a blizzard of games. The more games, the higher the social costs, and the more the government cons its own citizens. Then come the casinos and slot machines. After a while, those aren't enough, so the machines get faster, and the hours get longer. The casinos are open 24/7 because the government needs more money.

Why does gambling have to keep expanding? Why do the casinos need to be open at 3 in the morning? Because that's what it takes to suck the addicted people dry. You just don't see many church-going college graduates that pay their credit cards on time yanking on slot machines at 3 in the morning. Did you notice this proposal has already set the stage for the conversion of slots parlors into full-blown casinos?

Corruption is government trying to make losers of its citizens by legalizing something that damages the very health of its citizens, all under the guise of a painless revenue stream. Take another look. The revenue stream is running backwards, and the pain is intense.

History has proven this – over and over again. Gambling does not build friendships. It builds dependencies. It breeds corruption.

Finally, **Will it be beneficial to all concerned?**

Beneficial to all means everyone should be better off, not worse off.

John Kennedy once said a rising tide lifts all boats. If gambling made all winners, it would be beneficial to all concerned. Of course, gambling makes losers and the citizens are worse off because of that.

Even the people who never gamble lose money: the citizens and taxpayers. They get stuck with additional costs that they didn't have before: those public health and crime costs that ALWAYS follow gambling.

Ironically, even the state's own gambling operation, the lottery, will be a loser if slots come to town. People feeding the slots buy fewer lottery tickets. There's only so much money to go around. That's why in Nevada, where the casinos run the government, the state doesn't have a lottery. It would compete with the casinos!

Here in Ohio, the racetracks want slots to save their dying industry. Horse racing is dying because other forms of gambling are faster, more accessible and more addictive. But why should the rest of Ohio's citizens burden themselves with addiction, bankruptcy and crime,

plus loss of sales to other businesses, to resuscitate racetracks? The racetracks are planning to reap a \$30 million windfall EACH from this proposal! What did they do to earn that?

Did anyone offer slots to shore up the auto industry? If the real estate market goes soft, do you think the state will let you open casinos to help keep your offices open?

Churn the economy and burn the taxpayer. Think about that. In order to enrich themselves, these slots promoters are asking you divert money from legitimate businesses, move jobs from real commerce to casinos, and give the taxpayers the bill for the social costs.

Remember, the promoters openly admit they expect Ohio to sacrifice the health and lives of 109,000 of its citizens. They propose to make those people very sick, and then spend another \$28 million to treat them. And even that sum isn't going to cover the bill. Not by a long shot. Do the math.

Multiply that 109,000 new addicts the promoters ADMIT they will cause, times the \$11,000 each for social costs. That comes to \$1,199,000,000 loss for the economy of Ohio.

Why would we accept making 109,000 people sick, and then losing more than a billion dollars from the economy to boot?

One of the great understatements of this debate was from Fred Nance, the Mayor's adviser and chairman of the local chamber of commerce. Nance said, "If you were to start from scratch and draw your optimal economic development paradigm, you wouldn't necessarily include gambling as part of it."<sup>10</sup>

No. Ideally, you would not make tens of thousands of people sick so the economy can take billion dollar hit.

Do the math. It's not beneficial to all concerned. It's only beneficial to the greedy and the cynical.

**So let's review the score.**

Gambling is NOT telling you the truth,  
It's NOT fair to all concerned,  
It builds addiction and dependencies, NOT good will and better friendships,  
And it's NOT beneficial to all concerned.  
Good deal for Ohio?

I don't think so. In your hearts, and in your minds, when you do the math and determine who wins and who loses, you know this is a bad deal. It's a sucker's deal, and Ohio is a state built of better stuff than sucker's deals.

In conclusion, I would ask you to consider why Cleveland would consider hitching its economic engine to a dying phenomenon. As we speak people in America are having second thoughts about gambling and its impact on communities and states. The Pew Research Center just this year found three important changes in Americans' thoughts about gambling.<sup>11</sup>

First, they found that 7 in 10 Americans say that legalized gambling encourages people to gamble more than they can afford. That's up about 10 percent in the past 10 years.

Second, a plurality, 42 percent of adults say casinos have a negative impact on their communities, while only about a third, 34 percent, say casinos have a positive impact.

Third, and most revealing, the study found that only 23 percent of Americans actually enjoy gambling. That's down from 34 percent just 10 years ago. Think about that. If your product drops 11 percent in the people who enjoy it, you're in trouble.

We have always said that gambling sows the seeds of its own destruction. Gambling has the BL for "Big Loser." Every time they come to town, they poison the economy, and they have to go find another community to bleed dry.

That's why they want to come to Cleveland. They aren't here to give your kids scholarships. They're here to take your money.

I've already mentioned that horse racing is dying, and it's asking for a transfusion of your money, pumped through slot machines. Gambling's momentum is tipping back on itself. The tide has turned. What was viewed as the force of history, an inevitable trend, turns out not even

desirable. It's not the wave of the future; it's a wave that is spent.

Gambling promoters come to town and try to make you feel like losers. They say you need casinos and slot machines or you just aren't going to make it.

I'm here to tell you will make it, and you'll make it better and faster without slots.

You are on the way forward, riding the same wave of honest hard work and integrity that has always made Ohio a great part of the heart of America.

You can continue to move forward in good health, friendship, integrity and truth without slot machines and casinos.

You are going to have an opportunity to walk into the ballot box and vote your best hopes for this city and state.

If I were a betting man I would bet that you're not going to let gambling promoters change your constitution. In 14 short days, with three states voting on gambling expansion, our winning trifecta is that Ohio will join with Rhode Island and Nebraska in refusing to change its constitution to make gambling promoters rich -- and your fellow Buckeyes poor. You'll beat the house at the ballot box, and the citizens of Ohio will win.

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<sup>1</sup> Chavez, John J., Secretary, New Mexico Taxation and Revenue Department. "New Mexico's Indian Casino Gambling Economic and Revenue Effects. Nov. 23, 1998 <http://www.ncalg.org/Library/Studies%20and%20White%20Papers/Economics/2004-06-nmindiancasino.pdf>

<sup>2</sup> Iowa State University Department of Economics. "Impact of Casinos on Retail Sales, Iowa Cities from 20,000 to 50,000 population, 1996 to 2000." <http://ia.profiles.iastate.edu/retail/city>.

<sup>3</sup> Kindt, John Warren. *Drake Law Review*, Vol. 43, p.54.

<sup>4</sup> <http://www.ncalg.org/Library/Media/Gambling%20vs%20Governance.wmv>

<sup>5</sup> <http://www.ncalg.org/Library/Media/Bufett%20Fireside%20Chat%20Video.wmv>

<sup>6</sup> Compiled from news stories in NCALG "Bets Off Bulletin." <http://www.ncalg.org/Library/Bulletins/bob%20v4n1%20march%2006.pdf>

<sup>7</sup> <http://www.columbusdispatch.com/?story=dispatch/2006/09/15/20060915-B2-00.html>

<sup>8</sup> Grinols, Earl. *Gambling in America, Costs and Benefits*. Cambridge University Press, 2004, p. 167. Earl Grinols was Chief Economist for the Council of Economic Advisors to Ronald Reagan, Research Economist for the U.S. Department of the Treasury, and has taught at MIT, Cornell University, the University of Chicago, University of Illinois, Champaign, and now Baylor University.

<sup>9</sup> Goss, Ernie; and Edward Morse, "The Impact of Casio Gambling on Bankruptcy Rates: A County Level Analysis," Creighton University [http://www.ncalg.org/Library/Studies%20and%20White%20Papers/Bankruptcy/Casino\\_bankruptcy031204.pdf](http://www.ncalg.org/Library/Studies%20and%20White%20Papers/Bankruptcy/Casino_bankruptcy031204.pdf)

<sup>10</sup> Brekenridge, Tom, *Cleveland Plain Dealer*, "Gambling gives to, takes from local economy" Sept. 24, 2006.

<http://www.cleveland.com/news/plaindealer/index.ssf?base=cuyahoga/115908734879310.xml&coll=2>

<sup>11</sup> Pew Research Center. "Gambling: As the Take Rises, So Does Public Concern." May 23, 2006, <http://pewresearch.org>

## Gary Hall

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**From:** Don't Gamble With The Future [info@dgwtf.org]  
**Sent:** Wednesday, January 31, 2007 12:49 PM  
**To:** undisclosed-recipients  
**Subject:** MT considers Vegas-style gambling

(Send an email to [info@dgwtf.org](mailto:info@dgwtf.org)  
to be added to or removed from the email list  
for further updates on gambling expansion bills  
during the 2007 Montana Legislature.)

To: Don't Gamble With The Future email list  
1/31/07  
Re: 2007 Legislative session

Several important gambling expansion measures will be considered in the 2007 legislative session including:

HB 146 -- (Hearing 9 a.m. Feb. 12, room 172, House Business & Labor) "... delegating authority to the Governor to negotiate authorized Class III gaming in tribal-state compacts for play exclusively in Indian lands and for the exclusive economic benefit of Montana tribes ..."

Class III includes roulette, craps, slot machines, blackjack and other house-banked card games. The state would have no tax benefits or regulatory authority.

Testimony on failed measures to expand into Class III in previous years focused on the likelihood that this Las Vegas-styly gambling and associated problems, especially crime and addiction, would soon be statewide and not limited to reservations. The state would be pressured to allow the same games in off-reservation casinos in order for owners to remain competitive, and for the state and local governments to maintain their own gambling tax revenues.

The Montana constitution currently requires a vote of the legislature or a vote of the people to expand gambling.

HB 113 -- Revise Liquor License law to eliminate the residency requirement for liquor licenses. (Passed 2nd reading, referred to House Appropriations Committee.) This has implications for gambling licenses which are attached to liquor licenses. Law currently requires Montana residency to hold either.

HB 333 -- Paramutual wagering for match bronc and wild horse races

HB 390 -- Telephone account watering on internet horse racing

To contact your representative to express your views on gambling expansion, especially to allow out-of-state control and new Class III games (Las Vegas-style gambling and house-banking) use this legislative website:

Look up any bill at this legislative website:  
[http://laws.leg.mt.gov/pls/laws07/law0203w\\$.startup](http://laws.leg.mt.gov/pls/laws07/law0203w$.startup)

Use this legislative website to send e-mail to your representatives:  
<http://leg.mt.gov/css/sessions/60th/legwebmessage.asp>

1/31/2007